

UBUHLEBEZWE MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS



FOR THE YEAR  
ENDED 30 JUNE 2012

<b>for the year ended 30 June: 2012</b>	
Province:	KwaZulu Natal
AFS rounding:	R (i.e. only cents)

Name of Municipal Manager:	G M Sineke
Name of Chief Financial Officer:	Mrs D Mohapi
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**UBUHLEBEZWE MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information**

**MEMBERS OF THE UBUHLEBEZWE MUNICIPALITY EXECUTIVE COUNCIL**

	<u>Previous Council</u>		<u>New Council</u>		
Mayor	N J Peterson	26/05/2011	ZD Nxumalo	26/05/2011	Full time
D/ Mayor	N C Vezi	18/05/2011	M E Mkhize	26/05/2011 - 29/03/2012	Full time
D/ Mayor			TC Dlamini	01/03/2012	
Speaker	N H Mkhize	30/01/2011	N J Peterson	26/05/2011	
Speaker	M E Mkhize	1/02/2011 - 26/05/2011			
Exco	D W Khumalo	30/03/2011	EB Ngubo	26/05/2011	
Exco	B E Mdlalose	18/05/2011	WMQ Dlamini	26/05/2011	

**MEMBERS OF THE UBUHLEBEZWE MUNICIPALITY COUNCIL**

Councillor	T C Dlamini		T C Dlamini	
Councillor	S C Shezi		S C Shezi	
Councillor	B P Nzimande		B P Nzimande	
Councillor	M E Mkhize		M E Mkhize	
Councillor	S H Dlamini		S H Dlamini	
Councillor	C M Ngubo		C M Ngubo	
Councillor	ZD Nxumalo		Z V Shange	new 26/05/2011
Councillor	P B Mancini	18/05/2011	C M Ngubo	new 26/05/2011
Councillor	E M M Nzimande	18/05/2011	M C Ndlovu	new 26/05/2011
Councillor	EPN Pupuma	18/05/2011	D Ram	new 26/05/2011
Councillor	T R Ndlovu	18/05/2011	M C Sithole	new 26/05/2011
Councillor	F Ndlovu	18/05/2011	G J Ngcongco	new 26/05/2011
Councillor	N Jili	18/05/2011	T T Mkhize	new 26/05/2011
Councillor	M W Ngidi	18/05/2011	G P Nzimande	new 26/05/2011
Councillor	M J Mtshali	18/05/2011	G P Nzimande	new 26/05/2011
Councillor	V T Nene	18/05/2011	N M Mdunge	new 26/05/2011
Councillor	S P Bhengu	18/05/2011	T P Dlamini	new 26/05/2011
Councillor	N F Gutshwa	18/05/2011	H C Jili	new 26/05/2011
Councillor			C N Ntabeni	new 26/05/2011
Councillor			W S Tenza	new 26/05/2011
Councillor			ZC Kumalo	new 09/03/2011

**UBUHLEBEZWE**  
**ANNUAL FINANCIAL STATEMENT**  
for the year ended 31 March 2014

**Municipal Manager**

**Acting Chief Financial Officer**

**Grading of Local Authority**

**Auditors**

**Bankers**

**Registered Office:**

**Physical address:**

**Postal address:**

**Telephone number:**

**Fax number:**

**E-mail address:**

**UBUHLEBEZWE MUNICIPALITY**  
**FINANCIAL STATEMENTS**  
ended 30 June 2012

Mr GM Sineke

Mrs D Mohapi

Grade 2

Auditor-General

First National Bank of South Africa Ixopo  
Account Number - 52552416194

29 Margaret Street  
Ixopo  
3276

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039 8342074

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**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2012**

**INDEX**

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Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9 - 16
Notes to the Annual Financial Statements	17-46
Appendix A Schedule of External Loans	47
Appendix B Analysis of Property, Plant and Equipment	48
Appendix C Segmental Analysis of Property, Plant and Equipment	49
Appendix D Segmental Statement of Financial Performance	50
Appendix E Actual versus budget (Revenue and Expenditure)	51
Appendix F Disclosure of Grants and Subsidies in terms of Section 123 of the Municipal Financial Management Act 56, of 2003.	52

**UBUHLEBEZWE MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 54, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

*DATE 31 August 2012*

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2012

<b>STATEMENT OF FINANCIAL POSITION</b>			
	<b>Note</b>	<b>2012 R</b>	<b>2011 R</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>171,027,228</b>	<b>160,874,992</b>
Property, plant and equipment	2	158,720,975	148,568,739
Investment properties	3	11,866,000	11,866,000
Intangible assets	4	440,253	440,253
Long -term receivables	7	-	-
<b>Current assets</b>		<b>48,507,593</b>	<b>40,160,252</b>
Trade Receivables from exchange transactions.	8	4,286,518	1,132,951
Trade Receivables from non-exchange transactions.	9	935,645	999,269
Value added taxation receivable from exchange transactions.	10	4,578,603	3,812,079
Call investment deposits	11	38,104,678	33,559,583
Bank balances and cash	12	602,149	656,370
<b>Total Assets</b>		<b>219,534,821</b>	<b>201,035,244</b>
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>		<b>5,095,718</b>	<b>4,473,953</b>
Retirement Benefits	34.2	4,408,052	3,614,295
Non Current Lease Liability	27	687,666	859,658
<b>Current liabilities</b>		<b>14,131,110</b>	<b>12,408,652</b>
Creditors	13	5,673,068	5,880,961
Unspent conditional grants and receipts	14	8,205,192	6,309,989
Current portion of lease liability	26	252,850	217,703
<b>Total Liabilities</b>		<b>19,226,828</b>	<b>16,882,605</b>
<b>Total Assets and Liabilities</b>		<b>200,307,993</b>	<b>184,152,639</b>
<b>NETT ASSETS</b>			
Housing Development Fund	5	373,787	373,787
Accumulated surplus		199,934,205	183,778,851
<b>Total Net Assets</b>		<b>200,307,993</b>	<b>184,152,639</b>



**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2012**

**STATEMENT OF FINANCIAL PERFORMANCE**

	Note	2012 R	2011 R
<b>Revenue</b>			
Property rates	15	7,060,308	5,959,382
Rates penalties and service collection		597	-
Service charges	16	743,254	1,043,916
Rental of facilities and equipment	17	184,650	423,324
Interest earned - external investments	18	2,539,649	2,182,949
Fines		528,720	41,458
Licences and permits		2,842,502	2,708,968
Government grants and subsidies	19	63,015,495	67,959,024
Other income	20	901,045	681,318
<b>Total revenue</b>		<b>77,816,221</b>	<b>81,000,339</b>
<b>Expenses</b>			
Employee related costs	21	19,653,908	16,707,012
Remuneration of councillors	22	5,298,069	4,652,724
Repairs and maintenance		1,867,644	2,387,857
Contracted services	23	1,368,415	1,153,136
Depreciation and amortisation		15,567,352	14,956,248
Grants and subsidies paid	24	10,057,152	5,693,095
General expenses	25	11,486,432	11,690,293
Interest Expenses - External Borrowings		-	-
Finance Charges		133,534	103,738
Contributions to provisions		(1,155,519)	3,820,164
Contributions to post retirement benefits		793,757	573,688
<b>Total expenses</b>		<b>65,070,744</b>	<b>61,737,954</b>
<b>Surplus / (deficit) for the period</b>		<b>12,745,477</b>	<b>19,262,385</b>

**UBUHLEBEZWE MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2012

	<b>Housing Development Fund</b>	<b>Accumulated Surplus/(Deficit)</b>	<b>Total: Net Assets</b>
<b>Note</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 30 June 2010</b>	<b>348,799</b>	<b>66,066,105</b>	<b>66,414,904</b>
Changes in accounting policy	-	-	-
<b>Restated balance</b>	<b>348,799</b>	<b>66,066,105</b>	<b>66,414,904</b>
Correction of prior period error	-	98,450,361	98,450,361
Surplus / (deficit) for the period	-	19,262,385	19,262,385
<b>Balance at 30 June 2011</b>	<b>348,799</b>	<b>183,778,851</b>	<b>184,127,650</b>
Interest on Housing Development Fund	24,989		24,989
<b>Balance at 30 June 2011</b>	<b>373,787</b>	<b>183,778,851</b>	<b>184,152,638</b>
<b>Corrections for prior period</b>			
Correction of prior period error			-
Correction of SAMRAS not on assets			-
<b>Restated Balance as at 01 July 2011</b>	<b>373,787</b>	<b>183,778,851</b>	<b>184,152,638</b>
Correction of prior period error	-	3,409,878	3,409,878
Surplus / (deficit) for the period		12,745,477	12,745,477
<b>Balance at 30 June 2012</b>	<b>373,787</b>	<b>199,934,205</b>	<b>200,307,993</b>

# UBUHLEBEZWE MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

## CASH FLOW STATEMENT

	Note	2012 R	2011 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		62,071,156	63,699,818
Cash paid to suppliers and employees		(37,970,573)	(43,803,816)
<b>Cash generated from operations</b>		<b>24,100,583</b>	<b>19,896,002</b>
Interest paid		(133,534)	(103,738)
Interest received	18	2,539,649	2,182,949
Net operating cash flow from operating activities		<b>26,506,698</b>	<b>21,975,214</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	2	(21,878,980)	(28,428,274)
Net cash flows from investing activities		(21,878,980)	(28,428,274)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Long Term Liability.</b>	26	(136,845)	614,431
Net cash flows from financing activities		(136,845)	614,431
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>4,490,874</b>	<b>(5,838,630)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>34,215,953</b>	<b>40,054,583</b>
<b>Net cash and cash equivalents at end of period</b>	12	38,706,827	34,215,953

## 1.1 BASIS OF ACCOUNTING

### 1.1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

### 1.1.2 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been approved but are not yet effective or effective at a date later than that of the financial statements have not been early adopted by the municipality. Application of all of the GRAP standards noted below will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008 – effective date from 1
GRAP 24	Presentation of Budget Information - issued November 2007 – effective date from 1 July 2012
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008 – effective date from 1 July 2012

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality.

GRAP 18	Segment Reporting - issued March 2005
GRAP 20	Related Party Disclosures - issued June 2011
GRAP 25	Employee Benefits – issued March 2009
GRAP 104	Financial Instruments - issued October 2009

Management have considered all of the above-mentioned GRAP standards approved or issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

## 1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

### 1.2.1 DEBTORS AND LOANS RECEIVABLE

The municipality assesses its debtors and loans receivable for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

### 1.2.2 PROPERTY, PLANT AND EQUIPMENT

Management estimates the remaining useful lives and condition of significant items of property, plant and equipment on an annual basis. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a significant impairment of the respective asset.

### 1.2.3 POST RETIREMENT BENEFITS

The present value of post retirement medical benefits is determined by actuarial valuation.

## 1.3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

## 1.4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

## 1.5 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed in a note to the financial statements.

Where accounting errors or a change in accounting policy have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## 1.6 PROPERTY, PLANT AND EQUIPMENT

### 1.6.1 Initial and Subsequent Measurement

Property, plant and equipment is stated at cost or fair value less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises purchase price, import duties, non-refundable purchase taxes and directly attributable costs of bringing the asset to working condition for its intended use, such as site preparation, initial delivery, handling, installation and professional fees. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item cannot be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Items of property, plant and equipment which are acquired for no cost or for a nominal cost are recognised at their fair values.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

### 1.6.2 Depreciation and Impairment

The cost or fair value of property, plant and equipment is depreciated using the straight line method over the period of the estimated useful lives of the assets. Depreciation on new acquisitions is charged to the Statement of Financial Performance in the financial year that economic benefits accrue to Council.

The annual depreciation rates are based on the following estimated asset lives:-

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	15 - 30 yrs.	Buildings	30 yrs
		Specialist vehicles	7 yrs
		Other vehicles	5 yrs
<b>Community</b>		Office equipment	5 yrs
Buildings	30 yrs.	Furniture and fittings	7 yrs
Recreational Facilities	30 yrs.	Bins and containers	10 yrs
Security	3 - 5 yrs.	Specialised plant and eq	7 yrs
Halls	30 yrs.	Other items of plant and	5-7 yrs
Libraries	30 yrs.	Emergency equipment	7 yrs
Parks and gardens	30 yrs.	Computer equipment	3-5 yrs

The estimated useful lives and residual values of property, plant and equipment are periodically reviewed and adjusted where necessary.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

### 1.6.3 De-recognition

The carrying amount of items of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.7 INTANGIBLE ASSETS

### 1.7.1 Initial and Subsequent Measurement

Intangible assets are initially recognised at cost.

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Cost associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique products controlled by the Municipality, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Expenditure that enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

### 1.7.2 Amortisation

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### 1.7.3 De-recognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.8 INVESTMENT PROPERTY

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;

Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;

Property being constructed or developed on behalf of third parties;

Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;

Property that is being constructed or developed for future use as investment property;

Property that is leased to another entity under a finance lease;

Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and

Property held for strategic purposes or service delivery.

## 1.9 LEASES

### *The municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the Statement of Financial Performance accrued on a straight-line basis over the term of the relevant lease.

### *The municipality as Lessee*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or installment sale agreements. Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

## 1.10 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value. The subsequent measurement of financial instruments is dealt with below and in the absence of an approved GRAP Standard, is in accordance with IAS 39.

### 1.10.1 INVESTMENTS

Financial instruments, which include unlisted, reciprocal municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

### 1.10.2 CONSUMER AND OTHER RECEIVABLES

Consumer and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. Bad debts are written off during the year in which they are identified.

An impairment or bad debt loss is recognised when it is probable that the Municipality will not be able to collect all amounts due (principal and interest) according to the contractual terms of the accounts receivable. The assessment of objective indicators of impairment for accounts receivable is carried out at each balance sheet date.

### 1.10.3 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### 1.10.4 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discounts or premiums on settlement. Gains and losses are recognised in net income or loss when liabilities are impaired as well as through the amortisation process.

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 days, accordingly impairments, if any, are considered to be immaterial.

## 1.11 REVENUE RECOGNITION

### 1.11.1 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are raised and recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered and the fee has been charged or licences and permits have been issued.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the conditions, a liability is recognised.

### 1.11.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from assessment rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised when cash is received or when property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.



## 1.12 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder or detailed in the memorandum of agreement it is recorded as part of the liability otherwise it is recognised as interest earned in the Statement of Financial Performance.

## 1.13 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as it occurs.

## 1.14 EMPLOYEE BENEFITS

### Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

### Defined Contribution Plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods. The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

### Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

### Pension obligations

The municipality and its employees contribute to 4 different pension funds, namely Natal Joint Municipal Pension Fund and South African Local Authority Pension Fund. The defined benefit fund was last actuarially valued during the reporting period ending 30 June 2009.

Continued

The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds. The Natal Joint Provident Fund and South African Local Authority Pension Fund are defined contribution funds.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment hereof is made in the course of the municipality's normal budgeting processes."

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Post-retirement Health Care Benefits:**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and recognised actuarial gains and losses, adjusted by past service costs where applicable. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and an appropriate discount rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

**Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, as well as additional once-off leave calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

**1.15 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**1.16 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance.

**1.17 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance.

#### 1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.19 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

#### 1.20 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

#### 1.21 1.18 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

##### 1.18.1 Credit Risk:

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

##### 1.18.2 Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in the notes to the annual financial statements.

##### 1.18.3 Interest Risk

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuate because of changes in market interest rates.

- Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.
  - Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.
- Management has assessed the impact of interest rate risk on the operations of the municipality and considers the risk to be negligible.

##### 1.18.4 Market Risk

Owing to legislative restrictions the municipality has no exposure to market risk.

#### 1.22 CAPITAL COMMITMENTS

Commitments are not recognised. Commitments are disclosed in the notes to the annual financial statements. A commitment is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

#### 1.23 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statement for the year ended 30 June 2012

**2 NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
For the year ended 30 June 2012

**Property, plant and equipment**

Reconciliation of Carrying Value	Buildings	Infrastructure Assets	Community Assets	Heritage Assets	Work In Progress	Specialised Vehicles	Furniture & Equipment	Computer Equipment	Plant & Equipment	Vehicles
	R	R	R	R	R	R	R	R	R	R
<b>as at 1 July 2011</b>	<b>23,521,523.66</b>	<b>31,675,724.37</b>	<b>63,643,136.17</b>	<b>2,849,000.00</b>	<b>23,807,641.00</b>	<b>581,859.00</b>	<b>536,132.00</b>	<b>293,993.00</b>	<b>1,094,648.00</b>	<b>565,082.00</b>
Cost/Revaluation	31,206,865.00	134,701,920.00	82,598,440.00	2,849,000.00	23,807,641.00	1,030,033.00	2,378,606.00	990,149.00	2,311,871.00	2,248,818.00
Accumulated depreciation and impairment losses	-7,685,341.34	-103,026,195.63	-18,955,303.83			-448,174.00	-1,842,474.00	-696,156.00	-1,217,223.00	-1,683,736.00
Fair Value on Cost Previously not recorded							298,457.00	127,022.00	199,407.00	-2,293.00
Change in estimate not accounted for						216,895.00	659,519.00	137,400.00	217,434.00	791,643.00
Acquisitions	-				20,421,057.87	43,295.00	562,477.00	65,925.00		787,225.00
Capital Work in Progress Brought into use		17,700,000.00	7,154,031.00		-24,854,031.00					
Depreciation	-1,129,509.00	-7,722,098.00	-5,962,495.00			-69,879.00	-212,059.00	-89,457.00	-164,494.00	-209,553.00
Carrying value of disposals	-	-	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss							-56,252.00	-31,166.00	-14,946.00	
<b>as at 30 June 2012</b>	<b>22,392,014.66</b>	<b>41,653,626.37</b>	<b>64,834,672.17</b>	<b>2,849,000.00</b>	<b>19,374,667.87</b>	<b>772,170.00</b>	<b>1,788,272.00</b>	<b>503,718.00</b>	<b>1,332,049.00</b>	<b>1,932,104.00</b>
Cost	31,206,865.00	152,401,920.00	89,752,471.00	2,849,000.00	19,374,667.87	1,073,328.00	3,239,539.00	1,183,096.00	2,511,279.00	3,033,750.00
Accumulated depreciation and impairment losses	-8,814,850.34	-110,748,293.63	-24,917,798.83	-	-	-301,158.00	-1,451,267.00	-679,378.00	-1,179,230.00	-1,101,646.00

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statement for the year ended 30 June 2012

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
For the year ended 30 June 2012

**# Property, plant and equipment**

Reconciliation of Carrying Value	Buildings	Infrastructure Assets	Community Assets	Heritage Assets	Work In Progress	Leased Assets	Specialised Vehicles	Other Assets	Total
	R	R	R	R	R		R	R	R
<b>as at 30 June 2010</b>	<b>6,788,170.00</b>	<b>13,812,051.00</b>	<b>20,329,125.00</b>	-	-	<b>222,304.00</b>	<b>684,955.00</b>	<b>2,730,327.00</b>	<b>44,566,932.00</b>
Cost/Revaluation	9,905,787.00	16,631,250.00	22,220,804.00			462,930.00	1,030,033.00	7,350,828.00	57,601,632.00
Accumulated depreciation and impairment losses	-3,117,617.00	-2,819,199.00	-1,891,679.00	-	-	-240,626.00	-345,078.00	-4,620,501.00	-13,034,700.00
Change in Accounting Policy (Note) previously not recognised	20,749,079.18	116,673,055.71	59,129,957.32	2,849,000.00	-				199,401,092.21
Change in Accounting Policy Accumulated Depreciation and Impairment Loss	-3,438,215.50	-92,484,899.63	-12,061,697.93	-	-				-107,984,813.06
Restated Carrying Value at 30 June 2010	24,099,033.68	38,000,207.08	67,397,384.39	2,849,000.00	-	222,304.00	684,955.00	2,730,327.00	<b>135,983,211.15</b>
Cost/Revaluation	30,654,866.18	133,304,305.71	81,350,761.32	2,849,000.00		462,930.00	1,030,033.00	7,350,828.00	257,002,724.21
Accumulated Depreciation and Amortisation	-6,555,832.50	-95,304,098.63	-13,953,376.93	-		-240,626.00	-345,078.00	-4,620,501.00	-121,019,513.06
Acquisitions	551,999.00				26,452,935.00	844,721.00		578,618.00	28,428,273.00
Capital Work In Progress brought into use		1,397,614.00	1,247,679.00	-	-2,645,294.00				-1.00
Depreciation	-1,129,508.84	-7,722,097.00	-5,001,926.90	-	-	-180,530.00	-103,096.00	-819,089.00	-14,956,247.74
Carrying value of disposals	-	-	-	-	-				-
Cost/Revaluation	-	-		-	-				-
Accumulated depreciation and impairment losses	-	-		-	-				-
	25,780,541.52								25,780,541.52
Impairment loss/Reversal of impairment loss	-			-					-
<b>as at 30 June 2011</b>	<b>23,521,523.84</b>	<b>31,675,724.08</b>	<b>63,643,136.49</b>	<b>2,849,000.00</b>	<b>23,807,641.00</b>	<b>886,495.00</b>	<b>581,859.00</b>	<b>2,489,856.00</b>	<b>149,455,235.41</b>
Cost	31,206,865.18	134,701,919.71	82,598,440.32	2,849,000.00	23,807,641.00	1,307,651.00	1,030,033.00	7,929,446.00	285,430,996.21
Accumulated depreciation and impairment losses	-7,685,341.34	-103,026,195.63	-18,955,303.83	-	-	-421,156.00	-448,174.00	-5,439,590.00	-135,975,760.80

The valuation was performed by LENGAA General Trading, registered professional valuers. The effective date of the valuation is 30 June 2012. No assets of the municipality have been ceded. An annual review of useful lives of assets and an impairment test are performed at year end.





**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statement for the year ended 30 June 2012**

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**3 Investment properties carried at fair value**

<b>3.1 Reconciliation of fair value</b>	<b>Investment properties land R</b>	<b>Total R</b>
as at 30 June 2011	11,866,000	11,866,000
Additions	-	-
Disposals	-	-
Fair value adjustment	-	-
as at 30 June 2012	<u>11,866,000</u>	<u>11,866,000</u>

<b>Reconciliation of fair value</b>	<b>Investment properties land R</b>	<b>Total R</b>
<b>as at 1 July 2010</b>	-	-
Additions	-	-
Disposals	-	-
Reclassification	4,343,282	4,343,282
Change in Accounting Policy	7,522,718	7,522,718
<b>as at 30 June 2011</b>	<u>11,866,000</u>	<u>11,866,000</u>

	<b>2012 R</b>	<b>2011 R</b>
<b>3.2 Investment property pledged as security</b>	-	-
No investment property is pledged as security		
<b>3.3 Rental income from investment property</b>	-	-
Direct operating expenses from rental generating property	-	-

**3.4 Details of valuation**

The effective date of valuation was 30 June 2012. Revaluations were performed by an independent valuer Richard of Spectrum Valuation Services (Pty) Ltd. The valuation was based on open market value for existing use. There was no movement on the fair value during the current financial year.



**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statement for the year ended 30 June 2012**

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**4 Intangible Assets**

**4.1 Reconciliation of carrying value**

	<b>Computer Software R</b>	<b>Total R</b>
<b>as at 1 July 2011</b>	<b>440,253</b>	<b>440,253</b>
Cost	440,253	440,253
Accumulated amortisation	-	-
Amortisation	-	-
<b>as at 30 June 2012</b>	<b>440,253</b>	<b>440,253</b>
Cost	440,253	440,253
Accumulated amortisation	-	-

**Reconciliation of carrying value**

	<b>Computer Software R</b>	<b>Total R</b>
<b>as at 1 July 2010</b>	<b>127,851</b>	<b>127,851</b>
Cost	255,702	255,702
Accumulated amortisation	(127,851)	(127,851)
Amortisation	(127,851)	(127,851)
Correction of Error	184,551	184,551
Correction of Error-Reversal of the accumulated Amortisation	255,702	255,702
<b>as at 30 June 2011</b>	<b>440,253</b>	<b>440,253</b>
Cost	440,253	440,253
Accumulated amortisation	-	-

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2012

**NOTES TO THE FINANCIAL STATEMENTS**

	Note	2012 R	2011 R
<b>5 HOUSING OPERATING ACCOUNT</b>			
Housing Operating Account		<u><b>373,787</b></u>	<u><b>373,787</b></u>
The Housing Development Fund is represented by the following assets and liabilities :			
Cash and cash equivalents.		<u>373,787</u>	<u>373,787</u>
		<u><b>373,787</b></u>	<u><b>373,787</b></u>
<b>6 NON-CURRENT PROVISIONS</b>			
Provision for rehabilitation of landfill sites		-	-
<b>Total Non-Current Provisions</b>		<u><b>-</b></u>	<u><b>-</b></u>
The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is based on management assesment of the rehaliation costs of the dumpsite. Ubuhlebezwe Municipality currently does not have a dump site. A study will be conducted to find a suitable site and a cost estimate will be completed in the near future,			
<b>7 LONG-TERM RECEIVABLES</b>			
Housing selling scheme loans		122,298	122,298
Other non-current receivables		-	-
		<u>122,298</u>	<u>122,298</u>
Less : Provision for Bad Debts		(122,298)	(122,298)
Provision for Bad Debts		<div style="border: 1px solid black; padding: 2px;">(122,298)</div>	<div style="border: 1px solid black; padding: 2px;">(122,298)</div>
		-	-
<b>Total</b>		<u><b>-</b></u>	<u><b>-</b></u>
<b>HOUSING SELLING SCHEME LOANS</b>			
		122,298	122,298
less : Provision for Bad Debts		<u>(122,298)</u>	<u>(122,298)</u>
		<u><b>-</b></u>	<u><b>-</b></u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>8 CONSUMER DEBTORS (TRADE RECEIVABLE FROM EXCHANGE TRANSACTIONS)</b>		
Rates	9,049,924	7,649,867
Electricity	7,574	5,779
Self Help Scheme	129,022	127,370
Refuse	2,415,699	2,329,908
Sundry	75,665	70,060
Rent	373,158	513,680
Vat. Debtors	387,844	394,071
	<b>12,438,886</b>	<b>11,090,735</b>
Difference between ledger & ageing		
<b>Total service debtors</b>	<b>12,438,886</b>	<b>11,090,735</b>
Less provision for bad debts	(8,152,368)	(9,957,784)
<b>Total</b>	<b>4,286,518</b>	<b>1,132,951</b>
 <b><u>Rates: Ageing</u></b>		
Current (0 – 30 days)	241,983	-
31 - 60 Days	218,951	240,916
61 - 90 Days	203,084	202,775
91 - 120 Days	351,796	181,761
Greater than 120 days.	8,034,110	7,018,506
<b>Total</b>	<b>9,049,924</b>	<b>7,643,959</b>
 <b><u>Electricity: Ageing.</u></b>		
Greater than 120 days.	7,574	4,943
<b>Total</b>	<b>7,574</b>	<b>4,943</b>
 <b><u>Self Help Scheme: Ageing.</u></b>		
Current (0 – 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days.	129,022	129,168
<b>Total</b>	<b>129,022</b>	<b>129,168</b>
 <b><u>Rent: Ageing.</u></b>		
Current (0 – 30 days)	13,650	57,197
31 - 60 Days	933	12,791
61 - 90 Days	932	12,687
91 - 120 Days	1,114	18,447
Greater than 120 days.	356,529	412,558
<b>Total</b>	<b>373,158</b>	<b>513,680</b>
 <b><u>Refuse: Ageing.</u></b>		
Current (0 – 30 days)	148,283	80,947
31 - 60 Days	38,458	71,155
61 - 90 Days	35,041	54,385
91 - 120 Days	34,011	46,330
Greater than 120 days.	2,159,906	2,074,434
<b>Total</b>	<b>2,415,699</b>	<b>2,327,252</b>
 <b><u>Sundry: Ageing.</u></b>		
Greater than 120 days.	75,665	71,635
<b>Total</b>	<b>75,665</b>	<b>71,635</b>
 <b><u>Vat Debtors</u></b>		
Current (0 – 30 days)	22,796	14,098
31 - 60 Days	5,508	11,795
61 - 90 Days	5,030	9,482
91 - 120 Days	4,922	9,063
Greater than 120 days.	349,588	349,469
<b>Total</b>	<b>387,844</b>	<b>393,907</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b><u>Add back credits included above: Ageing</u></b>		
Current (0 – 30 days)	(640,672)	(464,630)
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days	-	-
	<u>(640,672)</u>	<u>(464,630)</u>

**Total**

Included in the consumer debtors balances are the amounts owed by other spheres of Government:

**Other spheres of Government: Ageing**

Current (0 – 30 days)	10,946	-
31 - 60 Days	18,403	-
61 - 90 Days	18,396	-
91 - 120 Days	102,447	-
Greater than 120 days	2,048,632	-
The comparative figures for 2010/11 financial cannot be obtained from the Municipal financial system.		
<b>Total</b>	<u>2,198,824</u>	<u>-</u>

An amount of R6 929 286 was received for the 2011/2012 financial year

**8.1 Reconciliation of the doubtful debt provision**

Balance at beginning of the year	(10,080,082)	(6,758,841)
Consumer Debtors	(9,957,784)	(6,636,542)
Other Debtors (note 7.)	(122,298)	(122,298)
Contribution for the year	-	(3,328,152)
Consumer Debtors	-	(3,205,854)
Other Debtors	-	(122,298)
( Release from ) Contribution to provision	1,805,416	-
Consumer Debtors	1,805,416	-
Other Debtors	-	-
Bad Debts written of against provision.	-	6,911
Consumer Debtors	(8,152,368)	(9,957,784)
Other Debtors - Self Help Loans.	(122,298)	(122,298)
Balance at end of year.	<u>(8,274,666)</u>	<u>(10,080,082)</u>

**9 OTHER DEBTORS (TRADE RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS)**

Sundry Debtors	85,187	85,188
Other debtors DOH Low cost housing	573,880	573,880
Accrued Interest FNB.	163,208	226,832
Deposits paid	113,370	113,370
<b>Total Other Debtors</b>	<u>935,645</u>	<u>999,269</u>

**10 VAT RECEIVABLE**

VAT receivable	4,578,603	3,812,079
	<u>4,578,603</u>	<u>3,812,079</u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>11 CURRENT INVESTMENTS</b>		
Current investments	38,104,678	33,559,583
	<u><b>38,104,678</b></u>	<u><b>33,559,583</b></u>
<b>Investment Bank account</b>		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 62143895988 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	20,618	5,608,581
Bank statement balance at the end of the year	<u><b>2,164,854</b></u>	<u><b>20,618</b></u>
<b>Investment Bank account</b>		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/001 Fixed Deposit 1 month (29/06/2012 - 31/07/2012)</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u><b>4,040,230</b></u>	<u><b>-</b></u>
<b>Investment Bank account</b>		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/002 Fixed Deposit 3 months (14/05/2012 - 13/08/2012)</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u><b>4,336,030</b></u>	<u><b>-</b></u>
<b>Investment Bank account</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number 068730276-004 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	2,524,512	2,371,779
Bank statement balance at the end of the year	<u><b>2,660,960</b></u>	<u><b>2,524,512</b></u>
<b>Investment Bank account</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number 068730276-005 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	4,763,105	4,495,446
Bank statement balance at the end of the year	<u><b>5,061,094</b></u>	<u><b>4,763,105</b></u>
<b>Investment Bank account</b>		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 62248166218 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	590,630	573,177
Bank statement balance at the end of the year	<u><b>605,010</b></u>	<u><b>590,630</b></u>
<b>Investment Bank account</b>		
<u>Ithala - Ixopo Branch</u>		
<i>Account Number 46110293 3 month Investment (22/04/2010 - 22/07/2010)</i>		
Bank statement balance at the beginning of the year	-	3,500,000
Bank statement balance at the end of the year	<u><b>-</b></u>	<u><b>-</b></u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>Investment Bank account</b>		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/017 Fixed Deposit (11/04/2011 - 01/07/2011)</i>		
Bank statement balance at the beginning of the year	3,782,406	3,610,017
Bank statement balance at the end of the year	<u>-</u>	<u>3,782,406</u>
<b>Investment Bank account</b>		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/019 Fixed Deposit 2 months (16/05/2011 - 01/07/2011)</i>		
Bank statement balance at the beginning of the year	4,107,146	3,910,000
Bank statement balance at the end of the year	<u>-</u>	<u>4,107,146</u>
<b>Investment Bank account</b>		
<u>Absa - Ixopo Branch</u>		
<i>Account Number 20-7042-5909 Fixed Deposit 32 days</i>		
Bank statement balance at the beginning of the year	3,117,668	3,000,000
Bank statement balance at the end of the year	<u>3,299,470</u>	<u>3,117,668</u>
<b>Investment Bank account</b>		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/018</i>		
Bank statement balance at the beginning of the year	6,000,822	-
Bank statement balance at the end of the year	<u>6,338,206</u>	<u>6,000,822</u>
<b>Investment Bank account</b>		
<u>Absa - Ixopo Branch</u>		
<i>Account Number 2070490455 Fixed Deposit 3 months (30/04/2012 - 31/07/2012)</i>		
Bank statement balance at the beginning of the year	3,500,000	-
Bank statement balance at the end of the year	<u>3,547,466</u>	<u>3,500,000</u>
<b>Investment Bank account</b>		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 7428280271 6 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	5,152,676	-
Bank statement balance at the end of the year	<u>2,373,965</u>	<u>5,152,676</u>
<b>Investment Roads Grant</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number 068730276-006 Fixed Deposit 3 months</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>3,677,393</u>	<u>-</u>
<b>TOTAL SHORT TERM INVESTMENTS</b>	<u><u>38,104,678</u></u>	<u><u>33,559,583</u></u>
<b>12 BANK BALANCES AND CASH</b>		
Cash and cash equivalents consist of the following:		
Cash on hand	-	-
Petty Cash	4,249	4,249
	<u>4,249</u>	<u>4,249</u>
The Municipality has the following main bank accounts: -		
<b>Primary Bank Account</b>		
First National Bank Ixopo - 52552416194		
Cash book balance at beginning of year	652,121	12,981,933
Cash book balance at end of year	<u>597,900</u>	<u>652,121</u>
Bank statement balance at beginning of year	652,121	12,881,389
Bank statement balance at end of year	<u>597,900</u>	<u>652,121</u>
Petty cash and cash on hand	4,249	4,249
<b>Total bank,cash and overdraft balances.</b>	<u><u>602,149</u></u>	<u><u>656,370</u></u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>13 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	1,651,366	3,460,858
Deposits Other	65,457	660
Payments received in advance	640,672	464,630
Staff leave accrual	2,011,024	1,444,732
Retentions	334,975	-
Payroll Suspense	81,510	4,533
Provision UIF.	-	424,281
Other creditors	888,064	81,266
<b>Total creditors</b>	<b>5,673,068</b>	<b>5,880,961</b>

Leave provision is calculated on leave due up to 48 days (Over and above 48 days is not provided for in terms of the Bargain Council agreement )

**14 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES**

**Unspent Conditional Grants from other spheres of Government**

Capital Investment Program	9,700	9,700
Financial Management Grant	402,031	-
G I S Grant	8,467	146,712
Hawkers/Taxi Grant	1,033,341	1,033,341
H R Systems Governance	7,170	7,170
Ixopo Sportsfields	1,302	1,302
Internal Roads	2,766,164	-
Kuyasa School Grant	4,302	4,302
Land Use Manageent	220,238	220,238
Library Assistant	5,708	5,854
Library Building Grant	213,440	220,966
M I G Grant	1,747,076	2,820,815
Management Assistance	4,632	46,303
Marithal Project	8,197	8,197
Market Stalls	350,877	350,877
Municipal Development Planning Capacity Building	24,973	24,973
Municipal Administrative Development	9,000	9,000
Nokweja Disaster Fund	-	3,324
Project Consolidate	406,626	414,968
Project Management Unit	163,377	163,377
Sangcwaba Grant	673,950	673,950
Waste Disposal Site	144,621	144,621
<b>Total Unspent Conditional Grants and Subsidies</b>	<b>8,205,192</b>	<b>6,309,989</b>

See Note 19 for reconciliation of grants and receipts.

**15 PROPERTY RATES**

**Actual**

Residential	1,103,005	143,567
Commercial	1,413,895	235,901
Agriculture	830,677	709,475
Other	272,022	2,872,277
State	1,779,308	1,997,188
Other	1,661,401	-
<b>Total property rates</b>	<b>7,060,308</b>	<b>5,958,408</b>
Property rates - penalties imposed and collection charges	-	-
<b>Total</b>	<b>7,060,308</b>	<b>5,958,408</b>
Adjustments	-	974
<b>Total</b>	<b>7,060,308</b>	<b>5,959,382</b>

**Valuations**

Residential	181,605,375	181,605,375
Commercial	149,970,000	149,970,000
State	335,161,925	335,161,925
Industrial	22,008,640	22,008,640
Municipal	55,505,345	55,405,345
Agricultural	711,270,000	711,270,000
Donation: Sport & Welfare	83,749,690	83,749,690
<b>Total Property Valuations</b>	<b>1,539,270,975</b>	<b>1,539,170,975</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012	2011
	R	R

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2009.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to payable by the end of April. alterations.

Rates are levied in ten monthly equal instalments with the first instalment being due at the end of August and the last instalment unpaid monthly

rates by last working day of each month will yield penalties of 1.5% per month or part thereof during which such default continues. Interest at 10% per annum is levied on outstanding rates.

The new general valuation will be implemented on 01 July 2014.

- Residential	0.01264c/R	0.0119c/R
- State owned	0.01264c/R	0.0119c/R
- Agriculture	0.00316c/R	0.02982c/R
- Infrastructure	0.00316c/R	0.02982c/R
- Communal land	0.00316c/R	0.02982c/R
- Commercial	0.01264c/R	0.0119c/R
- Industrial	0.01370c/R	0.0130c/R
- Place of worship	Exempt	0.0119c/R

The municipality does not levy rates on the first R15 000 of the market value of properties assigned to the categories below:

Residential;  
Agriculture;  
Smallholding (Agriculture);  
Commercial;  
Industrial; and  
Communal land.

The Municipality does not levy rates on the first 30% of the market value of Public service infrastructure and State owned properties.

**16 SERVICE CHARGES**

Refuse removal	743,254	1,043,916
<b>Total Service Charges</b>	<b>743,254</b>	<b>1,043,916</b>

**17 RENTAL OF FACILITIES AND EQUIPMENT**

Rental of facilities	17,780	9,280
Rental of equipment	-	-
Other rentals	166,870	414,044
<b>Total rentals</b>	<b>184,650</b>	<b>423,324</b>

**18 INTEREST EARNED - EXTERNAL INVESTMENTS**

Investment Interest	2,367,272	1,891,259
Bank Current Account	172,377	291,690
<b>Total interest</b>	<b>2,539,649</b>	<b>2,182,949</b>



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>19 GOVERNMENT GRANTS AND RECEIPTS</b>		
Equitable share	38,394,000	35,479,889
Anti Corruption Grant	-	177
Financial Management Grant	847,969	2,249,350
M F M A Implementation Grant	-	134,899
G I S Grant	138,245	90,894
Internal Roads	3,953,836	10,617,961
Ixopo Sportsfields	-	305,756
Library Assistant	105,946	97,969
Library Building Grant	240,866	-
M I G Grant	18,482,738	16,362,537
Management Assistance	41,672	242,590
Nokweja Disaster Fund	11,881	10,091
Programme Support	-	16,908
Project Consolidate (MSIG)	798,342	930,184
Project Management Unit	-	560,344
Sponya Housing Project	-	591,044
Waste Disposal Site	-	268,430
<b>Total Conditional Grants and Receipts</b>	<b>63,015,495</b>	<b>67,959,024</b>
<b>19.1 Equitable Share</b>		
<b>Balance unspent at beginning of year</b>		
Current year receipts	38,394,000	35,479,889
Conditions met - transferred to revenue	(38,394,000)	(35,479,889)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b>-</b>	<b>-</b>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>19.2 Anti Corruption Grant</b>		
<b>Balance unspent at beginning of year</b>	-	177
Current year receipts	-	-
Conditions met - transferred to revenue	-	(177)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b>-</b>	<b>-</b>
<b>19.3 Capital Investment Programme</b>		
<b>Balance unspent at beginning of year</b>	9,700	9,700
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b>9,700</b>	<b>9,700</b>
<b>19.4 Financial Management Grant</b>		
<b>Balance unspent at beginning of year</b>	-	749,350
Current year receipts	1,250,000	1,500,000
Conditions met - transferred to revenue	(847,969)	(2,249,350)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b>402,031</b>	<b>-</b>
<b>19.5 G I S Grant</b>		
<b>Balance unspent at beginning of year</b>	146,712	79,856
Current year receipts (GIS grants consolidated transferred from GIS 07/06)	-	157,750
Conditions met - transferred to revenue	(138,245)	(90,894)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b>8,467</b>	<b>146,712</b>
<b>19.6 Hawkers/Taxi Grant</b>		
<b>Balance unspent at beginning of year</b>	1,033,341	1,033,341
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b>1,033,341</b>	<b>1,033,341</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>19.7 HR Systems Governance</b>		
Balance unspent at beginning of year	7,170	7,170
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>7,170</u></b>	<b><u>7,170</u></b>
<b>19.8 Internal Roads</b>		
Balance unspent at beginning of year	-	10,617,961
Current year receipts	6,720,000	-
Conditions met - transferred to revenue	(3,953,836)	(10,617,961)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>2,766,164</u></b>	<b><u>-</u></b>
<b>19.9 Kuyasa School Grant</b>		
Balance unspent at beginning of year	4,302	4,302
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>4,302</u></b>	<b><u>4,302</u></b>
<b>19.10 Land Use Management</b>		
Balance unspent at beginning of year	220,238	220,238
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>220,238</u></b>	<b><u>220,238</u></b>
<b>19.11 Library Assistant</b>		
Balance unspent at beginning of year	5,854	3,023
Current year receipts	105,800	100,800
Conditions met - transferred to revenue	(105,946)	(97,969)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>5,708</u></b>	<b><u>5,854</u></b>
<b>19.12 Library Building Grant</b>		
Balance unspent at beginning of year	220,966	-
Current year receipts	233,340	220,966
Conditions met - transferred to revenue	(240,866)	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>213,440</u></b>	<b><u>220,966</u></b>
<b>19.13 M I G Grant</b>		
Balance unspent at beginning of year	2,820,813	6,013,350
Current year receipts	17,409,000	13,170,000
Conditions met - transferred to revenue	(18,482,738)	(16,362,537)
Adjustments - expenditure.	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>1,747,075</u></b>	<b><u>2,820,813</u></b>
<b>19.14 Management Assistance</b>		
Balance unspent at beginning of year	46,304	288,894
Current year receipts	-	-
Conditions met - transferred to revenue	(41,672)	(242,590)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>4,632</u></b>	<b><u>46,304</u></b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>19.15 Marlthal Project</b>		
Balance unspent at beginning of year	8,197	8,197
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>8,197</u></b>	<b><u>8,197</u></b>
<b>19.16 Market Stalls</b>		
Balance unspent at beginning of year	350,877	350,877
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>350,877</u></b>	<b><u>350,877</u></b>
<b>19.17 MFMA Implementation Grant</b>		
Balance unspent at beginning of year	-	134,899
Current year receipts	-	-
Conditions met - transferred to revenue	-	(134,899)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>19.18 Mun Development Planning Capacity Building</b>		
Balance unspent at beginning of year	24,973	24,973
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>24,973</u></b>	<b><u>24,973</u></b>
<b>19.19 Municipal administrative Development</b>		
Balance unspent at beginning of year	9,000	9,000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>9,000</u></b>	<b><u>9,000</u></b>
<b>19.20 Nokweja Disaster Fund</b>		
Balance unspent at beginning of year	3,323	13,414
Current year receipts	-	-
Conditions met - transferred to revenue	(11,881)	(10,091)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b><u>(8,558)</u></b>	<b><u>3,323</u></b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>19.21 Programme Support</b>		
Balance unspent at beginning of year	-	16,908
Current year receipts	-	-
Conditions met - transferred to revenue	-	(16,908)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-</u>	<u>-</u>
<b>19.22 MSIG</b>		
Balance unspent at beginning of year	414,968	595,151
Current year receipts	790,000	750,000
Conditions met - transferred to revenue	(798,342)	(930,183)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><b>406,626</b></u>	<u><b>414,968</b></u>
<b>19.23 Project Management unit</b>		
Balance unspent at beginning of year	163,377	-
Adjustments	-	-
Current year receipts	-	723,721
Conditions met - transferred to revenue	-	(560,344)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><b>163,377</b></u>	<u><b>163,377</b></u>
<b>19.24 Sangcwaba Grant</b>		
Balance unspent at beginning of year	673,950	673,950
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><b>673,950</b></u>	<u><b>673,950</b></u>
<b>19.25 Sponya Housing Project</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	591,044
Conditions met - transferred to revenue	-	(591,044)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-</u>	<u>-</u>
<b>19.26 Waste Disposal Site</b>		
Balance unspent at beginning of year	144,621	413,050
Conditions met - transferred to revenue	-	(268,429)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><b>144,621</b></u>	<u><b>144,621</b></u>
<b>19.27 Ixopo Sportsfield</b>		
Balance unspent at beginning of year	1,302	-
Adjustments	-	307,058
Conditions met - transferred to revenue	-	(305,756)
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><b>1,302</b></u>	<u><b>1,302</b></u>
<b>20 OTHER INCOME</b>		
Included in other income are the following:-		
Sundry income	102,070	70,075
Licence commission	586,366	485,126
Burial fees	20,352	22,640
Building fees	39,340	37,863
Lost books	1,993	1,993
Library photostats	13,454	12,465
Admin fees	13,690	11,946
Discount received	-	173
Skills development	123,780	35,724
	<u><b>901,045</b></u>	<u><b>678,003</b></u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>21 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	14,380,764	12,718,356
Employee related costs - Contributions for UIF, pensions and medical aids	2,683,841	2,191,026
Travel, motor car, accommodation, subsistence and other allowances	824,004	563,017
Housing benefits and allowances	33,424	35,179
Overtime payments	339,799	349,303
Other employee related costs	1,392,075	850,130
<b>Total Employee Related Costs</b>	<b>19,653,907</b>	<b>16,707,012</b>
<b>There were no advances to employees.</b>		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	521,636	-
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	85,584	-
Contributions to UIF, Medical and Pension Funds	66,158	-
<b>Total</b>	<b>673,378</b>	<b>-</b>
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	486,361	486,900
Travel, motor car, accommodation, subsistence and other allowances	189,598	93,100
Contributions to UIF, Medical ,Pension Funds and Skills levy	1,373	7,163
The Chief Financial Officer was suspended during the 2011/12 financial year. The figures above are for eleven months only.		
<b>Total</b>	<b>677,332</b>	<b>587,163</b>
<b>Remuneration of the Acting Chief Finance Officer</b>		
Annual Remuneration	399,010	-
Travel, motor car, accommodation, subsistence and other allowances	11,328	-
Contributions to UIF, Medical ,Pension Funds and Skills levy	998	-
The remuneration for the acting Chief Financial Officer is for eight months only.		
<b>Total</b>	<b>411,336</b>	<b>-</b>
<b>Remuneration of Individual Executive Directors</b>		
<b>Technical Services</b>		
Annual Remuneration	439,758	334,167
Travel, motor car, accommodation, subsistence and other allowances	218,143	195,833
Contributions to UIF, Medical and Pension Funds	1,497	6,458
<b>Total</b>	<b>659,398</b>	<b>536,458</b>
<b>Corporate Services</b>		
Annual Remuneration	472,697	528,500
Travel, motor car, accommodation, subsistence and other allowances	4,929	1,500
Contributions to UIF, Medical and Pension Funds	1,248	6,847
The remuneration for the Director: Corporate Service post is for the full financial year.		
<b>Total</b>	<b>478,874</b>	<b>536,847</b>
<b>Community Services</b>		
Annual Remuneration	500,148	434,900
Travel, motor car, accommodation, subsistence and other allowances	91,496	95,100
Contributions to UIF, Medical and Pension Funds	1,373	6,659
<b>Total</b>	<b>593,017</b>	<b>536,659</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>22 REMUNERATION OF COUNCILLORS</b>		
Mayor	383,361.29	509,545
Deputy Mayor	191,392.95	248,680
Speaker	190,809.48	198,449
Executive Committee Members	306,759.32	564,727
Councillors' allowances	3,931,533.25	2,865,376
Cellular Allowance	294,213.00	265,947
<b>Total Councillors' Remuneration</b>	<b><u>5,298,069</u></b>	<b><u>4,652,724</u></b>
<b>In-kind Benefits</b>		
The Mayor and one of the Executive Committee members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of the Council owned vehicle plus one driver for official duties.		
<b>23 CONTRACTED SERVICES</b>		
Contracted services for:		
Steiner Hygiene	-	18,420
PMB Security	-	9,789
Zincume Security	-	319,200
Brokersure (Insurance)	-	333,549
Netstar	-	2,068
Tracker	-	6,244
Trade Page	-	35,291
Internal Audit	-	428,575
	<b><u>1,368,415</u></b>	<b><u>1,153,136</u></b>
The current year breakdown of contracted services could not be determined.		
<b>24 GRANTS AND SUBSIDIES PAID</b>		
Grant Expenditure	10,057,152	5,693,095
Grant in aid	-	-
	<b><u>10,057,152</u></b>	<b><u>5,693,095</u></b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012	2011
	R	R
<b>25 GENERAL EXPENSES</b>		
Included in general expenses are the following:-		
Advertisements	336,551	212,159
Assets under R5000.	8,751	127,393
Audit-External	803,791	871,791
Bank Charges	61,438	101,170
Breakdown Services	-	650
Chemicals,Cleaning,First Aid	16,847	4,588
Cleaning Office	-	33,092
Communication Costs	725,745	612,630
Community Awareness	50,188	95,278
Compensation Commissioner	-	90,220
Computer & IT Support Natis	-	75,328
Contract Eployees	-	52,781
Destitute Support	53,261	66,487
Electricity	333,532	140,563
Employment Creation	80,694	129,648
Entertainment	79,999	90,807
Free Basic Electricity.	771,149	798,482
Freight Costs/Hire Costs	429,880	443,626
Fuel& Oil	508,634	530,244
Gender Development	159,594	13,665
Grant-in-aid.	175,400	88,480
IDP Small Projects.	-	689,493
Landfill Site	274,534	279,032
Legal Fees	-	517,637
Licences & Permits	17,665	54,094
Marketing & Tourism	74,894	16,356
Moral Regeneration	10,700	68,000
Occupational Safety	33,090	93,784
Other general expenses	1,662,959	-
Pest Control	7,421	-
Postage	82,832	87,015
Printing & Stationery	440,385	403,046
Public Paticipation	259,504	486,172
Refreshments	67,235	63,259
Refuse Bags	103,872	216,970
Reimburive Travel	392,282	231,569
Rental of Hardware/Software	-	266,471
S & T Accommodation.	754,573	476,763
Security.	-	148,641
Skills Levy	-	164,620
Software Licence Fees	42,255	46,685
Special Project	101,486	157,891
Sports & Recreational.	843,777	545,312
Stores & Maintenance.	2,023	-
Strategic Plan.	292,129	202,511
Subs Membership & Publication.	158,712	180,723
Subsiised Vehicles	-	5,800
Sundry.	-	90,302
Town Planning Innitiatives	-	52,909
Training	655,990	392,953
Valuation Roll.	204,105	129,924
Ward Committee	-	490,045
Youth Upliftment	374,927	548,384
	<b>11,486,432</b>	<b>11,685,443</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>26 FINANCE LEASE LIABILITY</b>		
GRAP 13, paragraph 12 Leases, When the lease term is for the major part of the economic life of the asset even if title is not transferred or at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset the asset should be classified as a finance lease.		
Within one year	252,850	357,322
In the second to fifth year inclusive	687,666	1,081,933
After five years		
Future Finance charged on finance leases	-	(361,895)
<b>Total</b>	<b>940,516</b>	<b>1,077,361</b>
The present of finance lease liabilities is as follows:		
Within one year	252,850	217,703
In the second to fifth year inclusive	687,666	859,658
After five years		
<b>Total</b>	<b>940,516</b>	<b>1,077,361</b>
<b>27 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	12,745,477	19,262,385
Adjustment for:-		
Interest earned	(2,539,649)	(2,182,949)
Interest expense	133,534	103,738
Depreciation and amortisation	15,567,352	14,956,248
Increase in provisions - bad debts	(1,155,519)	3,820,164
Increase in provision - Post retirement benefits.	793,757	573,688
Increase in provisions- leave	566,292	-
UIF provision	424,281	-
<b>Working Capital Movements</b>		
(Increase)in trade receivables from exchange transactions.	(3,153,567)	(1,878,881)
Decrease in trade receivables from non-exchange transactions.	63,624	45,528
(Decrease)/Increase in VAT receivable	(766,524)	(913,639)
Increase /(Decrease) in trade payables	(207,893)	6,138,961
Increase /(Decrease) in Unspent Grants	1,895,203	(15,422,603)
Housing Development fund.	-	24,989
Prior Year Adjustments.	(265,785)	(4,631,625)
<b>Cash generated by operations</b>	<b>24,100,583</b>	<b>19,896,002</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call investment deposits	38,104,678	33,559,583
Bank balances and cash	602,149	656,370
Net cash and cash equivalents (net of bank overdrafts)	38,706,827	34,215,953
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>38,706,827</b>	<b>34,215,953</b>



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>28 CHANGE IN ACCOUNTING POLICY</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:		
<b>29 CORRECTION OF ERROR</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the change in accounting policy relating to transitional provisions with regards to the implementation of GRAP as per Directive 4 and correction of prior year errors.		
<b>29.1 Trade and other payables from exchange transactions</b>		
Balance previously reported		5,958,354
Orders cancelled and paid relating to 2011		(81,926)
Late processing of entries in 2011		4,533
<b>Restated balance at 30 June 2011</b>		<b><u>5,880,961</u></b>
<b>29.2 Surplus / (Deficit) for the year</b>		
Balance previously reported		31,057,180
Correction of prior year entry to other income		3,313
Correction of prior year entry to general expenses		(4,850)
Depreciation due to transitional provisions for GRAP 17		(11,793,258)
		<b><u>19,262,385</u></b>
<b>29.3 Consumer debtors (Trade receivable from exchange transactions)</b>		
Balance previously reported		1,128,226.00
Late processing of entries in 2011		4,725
<b>Restated balance at 30 June 2011</b>		<b><u>1,132,951</u></b>
<b>29.4 Vat receivable</b>		
Balance previously reported		3,813,183
Late processing of entries in 2011		(1,104)
<b>Restated balance at 30 June 2011</b>		<b><u>3,812,079</u></b>
<b>29.5 Property Plant and equipment (Cost)</b>		
Balance previously reported		90,373,187
Transfer of investment properties to separate note		(4,343,282)
Adjustments related to transitional provisions relating to the implementation of GRAP		198,093,438
<b>Restated balance at 30 June 2011</b>		<b><u>284,123,343</u></b>
<b>29.6 Property Plant and equipment (Accumulated Depreciation)</b>		
Balance previously reported		(16,069,839)
Adjustments related to transitional provisions relating to the implementation of GRAP		(119,484,765)
<b>Restated balance at 30 June 2011</b>		<b><u>(135,554,604)</u></b>
<b>29.7 Investment properties</b>		
Balance previously reported		-
Transfer of investment properties to separate note from PPE		4,343,282
Adjustments related to transitional provisions relating to the implementation of GRAP		7,522,718
<b>Restated balance at 30 June 2011</b>		<b><u>11,866,000</u></b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>29.8 Intangible assets (Cost)</b>		
Balance previously reported		255,702
Adjustments related to transitional provisions relating to the implementation of GRAP		184,551
Adjustments related to transitional provisions relating to the implementation of GRAP		
<b>Restated balance at 30 June 2011</b>		<b>440,253</b>
<b>29.9 Intangible assets (Accumulated Amortisation)</b>		
Balance previously reported		127,851
Adjustments related to transitional provisions relating to the implementation of GRAP		312,402
Adjustments related to transitional provisions relating to the implementation of GRAP		
<b>Restated balance at 30 June 2011</b>		<b>440,253</b>
<b>29.10 Other debtors (Trade receivables from non exchange transactions)</b>		
Balance previously reported		1,003,802
Late processing of entries in 2011		(4,533)
<b>Restated balance at 30 June 2011</b>		<b>999,269</b>
<b>29.11 Bank balances and cash</b>		
Balance previously reported		648,930
Late processing of entries in 2011		7,440
<b>Restated balance at 30 June 2011</b>		<b>656,370</b>
<b>30. FRUITLESS AND WASTEFUL EXPENDITURE</b>		
Interest charged for late payment - SARS	18 696	-
Penalty for late payment of PAYE	89 369	-
Penalty for late payment of Skills development levy	25 152	-
Penalty for late payment of UIF	16 950	-
	<b>150 167</b>	<b>-</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>31 Irregular expenditure</b>		
<b>Reported to and ratified by Council</b>		
A & E Printers	2,764	-
Adcocks Travel	40,969	-
Alpha office furniture	95,611	-
Arch actuarial Consulting	37,050	-
Ashley's Towing service	3,628	-
B&B Transport and plant Hire	16,758	-
Barloworld equipment	100,844	-
Bright Pictures and production	4,400	-
Build it	19,740	-
Claire Du Plessis (Twisted Sister)	350	-
De la Rue Auto Electrical	3,838	-
Derek's Electrical	15,011	-
Emini Emnandi General Construction	50,571	-
Impelwini Management Solutions	10,400	-
Futurenet	8,357	-
Fynn's Construction	13,338	-
Government Printing Works	1,236	-
Gracan Communications	67,543	-
H&B Equipment	69,080	-
Human Communications	4,754	-
HIS Electrical	9,147	-
Ixopo Primary school	9,550	-
Ixopo superspar	20,490	-
Ixopo Towing service	530	-
Khoza KS	4,250	-
KZN Midlands Training Academy	8,550	-
Lithotech	7,377	-
Lusted and Johnson	502,758	-
Mageza Project Manager	341,160	-
Makhaotse, Narasimulu and associates	4,000,000	-
Manyathi Trading	450	-
Mccarthy Toyota	395,976	-
Mdlele Incorporated	94,782	-
Meteor Office furniture	65,391	-
MG Huddy's engineering	456	-
Nashua PMB	922	-
Natal Park Homes	8,664	-
Neffcon Roadtech	2,565	-
Nix Matters	2,370	-
Post office	3,822	-
RDS Mechanical Services	14,884	-
Service unlimited	3,561	-
Sky blue media	820	-
Southern Sun Hotel International	34,851	-
Sparks Electrical and Hardware	1,160	-
Supa Quick Ixopo	3,470	-
Tradepage	2,150	-
Trentyre	2,335	-
Tri circle Hardware	23,969	-
Truvelo Manufacturers	2,290	-
VIP Payroll	16,233	-
Winners Trading	21,495	-
The above		
<b>Previously reported to Council</b>		
Multi-Finance Solutions.	-	99,050
Multi-Finance Solutions.	-	179,000
Multi-Finance Solutions.	-	124,780
Multi-Finance Solutions.	-	112,860
Multi-Finance Solutions.	-	41,040
Multi-Finance Solutions.	-	135,432
Gabhisa Planning and Investments	-	100,320
The Horizon	-	39,000
Skip Truck Traders (PTY) LTD.	-	196,725
Umsizi Skills Academy	-	123,120
Bongis Catering	-	2,550
Event Mania	-	35,368
Masakhe Promotions	-	18,525
Uleda Consultants	-	75,000

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>Not Reported to Council</b>		
Multi-Finance Solutions.	-	143,224
B & B Transport	-	199,694
Trevwest Investments	-	61,200
Uleda consultants	-	128,640
KPMG	-	180,134
Royal Tent and Tarp	-	40,210
Atlantic Plastics	-	93,942
Mkhabela Consulting Business Accountants	-	71,136
Poobie Naidoo Sportman Warehouse	-	31,200
Masedamoi Marketing and Projects	-	51,985
Fana Manufacturing CC	-	63,270
XM Designers	-	45,000
Makhawini Trading Enterprise	-	30,500
Willies Trading	-	57,456
Bytes Systems Technology.	-	104,479
Zamandla Business Enterprises	-	20,450
Boxer Stores	-	26,392
Ben Booysen	-	18,913
Sew & Knit Centre	-	22,615
Bongis Catering	-	10,500
Mlati Trading	-	12,000
Atlant Plastics	-	15,341
Imperial Armour	-	12,312
Mangwadleni Trading	-	29,100
Menopix	-	27,000
Veluno JV -KwaMpondo Skills centre	-	832,447
Inkonka Sivils -Mkhalwane gravel road	-	1,123,427
DNA Structures- Koshange community hall	-	143,890
PMPZ Construction cc- Carrisbrook community hall	-	899,394
B & B Transport- Plant hire contract	-	1,532,954
Zeedo Trading- Labour suply contract	-	1,584,022
Debbies Hardware- Materials supply	-	1,789,149
Amazizi cc	-	128,821
Amazizi cc	-	52,625
Amazizi cc	-	6,400
	<b>6,172,670</b>	<b>10,872,593</b>

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE  
MANAGEMENT ACT**

**32.1 Contributions to organised local government**

Opening balance		
Council subscriptions	110,000	100,000
Amount paid - current	(110,000)	(100,000)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**32.2 Audit fees**

Opening balance		
Current year audit fee	793,227	871,791
Amount paid - current year	(793,227)	(871,791)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>32.3 VAT</b>		
Vat received for the year	(4,500,598)	5,036,376
VAT paid for the year	-	-
	<b><u>(4,500,598)</u></b>	<b><u>5,036,376</u></b>
Vat input receivable and VAT output payable are shown in note x and x.		
<b>32.4 PAYE and UIF and Skills</b>		
Opening balance	-	-
Current year payroll deductions	2,573,221.53	2,566,554
Amount paid - current year	-2,573,221.53	(2,566,554)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>32.5 Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	4,158,776.70	3,651,777
Amount paid - current year	-4,158,776.70	(3,651,777)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>32.6 Councillor's arrear consumer accounts</b>		
The following Councillors had arrear accounts outstanding for more than 90 days as at: -	<b>Total</b>	<b>Total</b>
<b>as at 30 June 2012</b>		
Councillor D Ram ( Acc No 104881 )	12,316	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b><u>12,316</u></b>	<b><u>-</u></b>
<b>33 CAPITAL COMMITMENTS</b>	<b>2012</b>	<b>2011</b>
<b>33.1 Commitments in respect of capital expenditure</b>		
<b>Total commitments</b>	<b>45,437,493</b>	<b>25,579,399</b>
<b>- Contract costs to complete</b>	<b>6,390,163</b>	<b>7,474,566</b>
Infrastructure	1,041,452	876,748
Community	4,264,599	6,597,818
	1,084,112	-
<b>- Approved but not yet contracted for</b>	<b>39,047,330</b>	<b>18,104,833</b>
Infrastructure	17,290,330	6,438,393
Community	15,955,000	11,666,440
Other	5,802,000	-
<b>Total</b>	<b><u>45,437,493</u></b>	<b><u>25,579,399</u></b>
This expenditure will be financed from:		
- External Loans	-	-
- Government Grants	35,512,790	5,422,031
- Own resources	9,924,703	2,052,536
	<b><u>45,437,493</u></b>	<b><u>7,474,566</u></b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012	2011
	R	R

### 33.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

#### Operating leases - lessee

Operating leases paid per annum.

#### Total

-	-
-	-

The operating leases have been reclassified as finance lease note 27

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases and rentals are negotiated for an average of five years.

#### Rental

Steiner Hygiene - Municipality	-	-
Steiner Hygiene - Fire Department	-	-
Steiner Hygiene - Traffic Department	-	-
Panasonic PABX (Switchboard)	-	-
Xerox copiers amounts vary each month total	-	-
Nashua - Council	-	-
Nashua - Council	-	-
Tracker - Service	-	-
Netstar - Fortuner 3,0 - Service	-	-
Trade Page - Web. Page maint.	-	-
(see note 23 Contract services)	-	-

### 34 RETIREMENT BENEFIT INFORMATION

#### 34.1 Defined contribution plan

The following are defined contribution plans: These contributions have been expensed. B1464

#### 34.2 Defined benefit plan

##### 34.2.1 Pension benefits

The Municipality's personnel are members of one of the three Natal Joint Municipal Pension Funds i.e. (Superannuation, Provident and Retirement).

The independent valuer carries out a statutory valuation on a triennial basis and an interim valuation on an annual basis (the 2009 interim has been completed). No valuation was performed in 2010.

#### Superannuation

An interim actuarial valuation of the Fund was carried out for the period ending 31 March 2009. The actuarial value of total assets was more (less) than the actuarial value of liabilities for the service of members to that date and for pensioners

by:

5,019,300,000

made up as follows:

#### For service to 31 March 2010

for pensioners - surplus funding level 123.3%

368,100,000

for members - deficit funding level 98.80%

(213,300,000)

The fund did hold an Investment Reserve of R 73 000 000 at 31 March 2010.

#### For service after 31 March 2010

The total contribution rate payable (excluding the surcharge) exceeded that required for future service by 1.69% (2005 : 1.0% ) of pensionable emoluments, or per year

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

	2012 R	2011 R
<b>Conclusion</b>		
The funding level of the Fund improved over the valuation period. The actuary is satisfied that the self-reinsurance arrangement is appropriate for the Fund; the asset composition of the Fund is appropriate to the nature of the liabilities; the contributions being paid to the Fund are sufficient to meet the expected cost of future benefits:		
A recent study undertaken of the expected impact that A I D S will have on the Fund shows that although the Fund is fairly well protected in relation to other funds, AIDs is likely to result in an increase in the required rate of contribution of members' pensionable emoluments by 2010 of some.	-	4%
However, once the deficit in the Fund has been met the excess contributions will meet the increased cost resulting from A I D S for the foreseeable future. It is therefore not necessary at this stage to adjust either the benefits or the contributions.		
<b><u>Provident Fund</u></b>		
The salient features of the Statutory (Interim) Valuation Report on the fund as at 31 March 2009 were that the net market value of the Fund's assets were sufficient to fully cover the members' share account and to provide total reserves		
of;		573,952,000
The total interim rate of bonus credited over the year to members was compound		40%
A further bonus to all members at 31 October 2007 has been approved by the Committee of Management of		5%
The Actuary is satisfied that the asset composition of the Fund is appropriate to the nature of the liabilities and the Fund was in a sound financial condition at 31 March 2009.		
<b><u>Retirement Fund</u></b>		
The salient features of the Statutory (Interim) valuation of the fund at 31 March 2010 are:		
The actuarial value of total assets of the fund was less than the actuarial value of the liabilities for the service of members to that date and for pensioners by made up as follows:		1,812,000,000
<b>For service to 31 March 2010</b>		
for pensioners - funding level 114.6%		114,300,000
for members - funding level 79.00%		(243,200,000)
The fund was thus funded		88%
The fund did not hold an Investment Reserve.		
<b>For service after 31 March 2010</b>		
The total contribution rate payable, including the total surcharge of 17% payable by and on behalf of pre 01 July 2002 members and by employers, exceeded that required for future service of members' pensionable emoluments of		12%
<b>Conclusion</b>		
The funding level is		88%
The actuary is satisfied that the self-insurance arrangement is appropriate for the Fund, the asset composition of the Fund is appropriate to the nature of the liabilities, the contributions being paid to the Fund are sufficient to meet the expected cost of future benefits		
A study undertaken in 2002 of the expected impact that A I D S will have on the Fund shows that although the Fund is fairly well protected in relation to other funds,		
A I D S is likely to result in an increase in the required rate of contribution of members' pensionable emoluments by 2010 of some		0

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

	2012	2011
	R	R

The matter will be addressed again at a future date.



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012	2011
	R	R

### 34.2.2 Post-employment medical benefits

The municipality operates on 3 accredited medical aid schemes, namely Bonitas, Keyhealth, and Samwumed.

Pensioners continue on the option they belonged to on the day of their retirement. Independent valuers, ARCH actuarial consulting, carried out a statutory valuation as at 30 June 2012.

The post-retirement medical obligations at 30 June 2012 quantified the present value of unfunded obligations at R3,644,673. The Current-service costs for the year ending 30 June 2012 is estimated at R158,206. The principal actuarial assumptions used included a discount rate of 7.73% , and a health care cost inflation rate of 7.04 % .

The movement in the liability recognised in the balance sheet is as follows:

The principal actuarial assumptions used were as follows:

Balance at beginning of the year	3,077,107	2,607,587
Current service cost	158,206	139,590
Interest cost	260,752	225,158
Benefit payments	(110,880)	(101,292)
<b>Actuarial (gains)/losses</b>	<b>259,488</b>	<b>206,064</b>
Expected Employer Benefit Payments	(110,880)	(101,292)
<b>Closing Accrued Liability</b>	<b><u>3,644,673</u></b>	<b><u>3,077,107</u></b>

The figures as at 30 June 2012 have been included and the financials restated.

The amounts recognised in the Statement of Financial Position were as follows:

Current service cost	158,206	139,590
Interest cost	260,752	225,158
Actuarial (gains)/losses	3,198,590	206,064
	<u>3,617,548</u>	<u>570,812</u>
Benefit payments	(110,880)	(101,292)
Transitional Liability	138,005	2,607,587
	<u>3,644,673</u>	<u>3,077,107</u>

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	158,206	139,590
Interest cost	260,752	225,158
Benefit payments	(110,880)	(101,292)
Actuarial (gains)/losses	259,488	206,064
	<u>567,566</u>	<u>469,520</u>

#### Key Assumptions

Discount rate per annum	7.73%	8.63%
Health care cost inflation rate	7.04%	7.34%
Net effective discount rate	0.64%	1.2%
Benchmark inflation (equal to salary inflation)	0%	0%
Average retirement age	63	63
Proportion continuing membership at retirement	100%	100%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90 ultimate	SA 85-90 ultimate
Mortality post-retirement	PA90-1 ultimate	PA90-1 ultimate

(No explicit assumption was made about additional mortality or health care costs due to AIDS).

Percentage of in-service members withdrawing before retirement:

Age 20	40%	40%
Age 30	25%	25%
Age 40	12%	12%
Age 50	4%	4%
Age 55+	0%	0%

The amounts recognised in the Statement of Financial Position	<b><u>3,644,673</u></b>	<b><u>3,077,107</u></b>
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**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>34.2.3 Long Service Awards.</b>		
Independent valuers, ARCH actuarial consulting, carried out a statutory valuation as at 30 June 2012.		
<b>The principal actuarial assumptions used were as follows:</b>		
Discount rate per annum	7%	8%
General Salary Inflation (Long term)	6%	6%
Net effective discount rate	9%	2%
Examples of mortality rates used were as follows:		
Average retirement age	63	63
Mortality during employment	SA85-90	SA85-90
Members withdrawn from services:		
Age 20	40%	40%
Age 30	25%	25%
Age 40	12%	12%
Age 50	4%	4%
Age 55+	0%	0%
<b>The amounts recognised in the Statement of Financial Position were determined as follows:</b>		
Present value of funded obligations	763,379	537,188
Fair value of plan assets	-	-
Liability in the Statement of Financial Position	<u><u>763,379</u></u>	<u><u>537,188</u></u>
<b>Movements in the defined benefit obligation is as follows:</b>		
Balance at beginning of the year	537,188	433,020
Current service cost	102,685	83,587
Interest cost	42,426	33,856
Benefit payments	(20,835)	(36,964)
Actuarial (gains)/losses	101,915	23,689
Balance at end of year	<u><u>763,379</u></u>	<u><u>537,188</u></u>
<b>The amounts recognised in the Statement of Financial Performance were as follows:</b>		
Current service cost	102,685	83,587
Interest cost	42,426	33,856
Benefit payments	(20,835)	(36,964)
Actuarial (gains)/losses	101,915	23,689
Total, included in employee benefits expense	<u><u>226,191</u></u>	<u><u>104,168</u></u>
<b>In conclusion the retirement benefits were:</b>		
<b>Statement of Financial Position obligation for:</b>		
Post-employment medical benefits	3,644,673	3,077,107
Long Services Award.	<u><u>763,379</u></u>	<u><u>537,188</u></u>
	<u><u>4,408,052</u></u>	<u><u>3,614,295</u></u>
<b>Statement of Financial performance obligation for:</b>		
Post-employment medical benefits loss	567,566	469,520
Long Service Award loss	<u><u>226,191</u></u>	<u><u>104,168</u></u>
	<u><u>793,757</u></u>	<u><u>573,688</u></u>
Additional retirement costs.	-	-
	<u><u>793,757</u></u>	<u><u>573,688</u></u>
Long service award gain	<u><u>-</u></u>	<u><u>-</u></u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
<b>35 CONTINGENT LIABILITY</b>		
<b>35.1 Claim for damages</b>		
1 AH Mansoor Family Trust.	60,000	65,000
2 Mr H Ramsunder - eviction Municipal property.	50,000	4,120,000
3 Investigation by KPMG of Municipal Property Lot 427 (Gym equipment/Operation)	80,000	80,000
4 Ixopo Taxi Rank - eviction orders against illegal squatters	150,000	60,000
5 Tresso Trading/Showdown Investments cede right for building on Lot 175	50,000	50,000
6 KPMG investigate fraudulent cheques	40,000	40,000
7 Hampton college	15,000	-
8 Zanuse Trading	350,000	-
9 Mnguni Well	60,000	-
10 Fairview Housing project	12,000	-
11 Disciplinary hearing: Mrs D Mohapi	140,400	-
12 SN Chili	90,000	-
	<u><u>430,000</u></u>	<u><u>4,415,000</u></u>
<b>36 CONTINGENT ASSET</b>		
None		
<b>37 RELATED PARTIES</b>		
Joint Ventures	-	-
Associates	-	-
Members of key management	-	-
Close family member of key management	-	-
Post employment benefit plan for employees of municipality and/or other related parties	-	-
Other related party relationships	-	-
- Umzimkulu Municipality (Land fill site usage)	247,218	279,032
<b>Related party balances</b>	<u><u>247,218</u></u>	<u><u>279,032</u></u>
<b>38 EVENTS AFTER THE REPORTING DATE</b>		
None		
<b>39 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS</b>		
The following areas involve a significant degree of estimation uncertainty:		
- Useful lives and residual values of property, plant, and equipment		
- Recoverable amounts of property, plant and equipment		
- Present value of defined benefit obligation		
- Provision for doubtful debts		
<b>40 RISK MANAGEMENT</b>		
<b>40.1 Maximum credit risk exposure</b>		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis in terms of council policy. Sales to consumer customers are settled in cash.		
<b>40.2 Liquidity risk</b>		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments.		
<b>40.3 Interest rate risk</b>		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
At year end, financial instruments exposed to interest rate risk were as follows:		
- Call deposits		
- Notice deposits		

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**41. COMPARISON TO BUDGET**

**41.1 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)**

	Actual 2012 R	Budget 2012 R	Variance 2012 R	Variance 2012 %	Explanation of significant Variance greater than 10% versus Budget
<b>REVENUE</b>					
Property rates	7 060 308	11 374 200	4 313 892	38%	
Property rates- penalties imposed and collection charges	597	200 000	199 403	100%	
Service charges	743 254	1 102 746	359 492	33%	
Rental of facilities and equipment	184 650	478 773	294 123	61%	
Interest earned- external investments	2 539 649	2 000 000	( 539 649)	-27%	
Fines	528 720	37 637	( 491 083)	-1305%	
Licences and permits	2 842 502	2 550 050	( 292 452)	-11%	
Government grants and subsidies	63 015 496	71 773 058	8 757 562	12%	
Other income	901 044	731 696	( 169 348)	-23%	
Gain on fair value of assets	-	-	-	0%	
<b>Total Revenue</b>	<b>77 816 220</b>	<b>90 248 160</b>	<b>12 431 940</b>		
<b>EXPENDITURE</b>					
Corporate Services	( 279 540)	7,348,218	7068677.98	96%	
Financial Services	( 53 724 004)	23,531,784	-30192219.95	-128%	
Municipal Manager	-	7,727,131	7727131.22	100%	
Social Services	( 5 669 439)	10,611,118	4941678.69	47%	
Technical Services	( 12 911 493)	5,151,365	-7760128.46	-151%	
<b>Total Expenditure</b>	<b>( 72 584 477)</b>	<b>54 369 616</b>	<b>( 18 214 861)</b>		
<b>NET (DEFICIT) / SURPLUS FOR THE YEAR</b>	<b>( 5 231 743)</b>	<b>( 144 617 776)</b>	<b>5 782 921</b>		

**UBUHLEBEZWE MUNICIPALITY**

**APPENDIX A**

**APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2012**

DESCRIPTION	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/2011	Received during the year	Redeemed / Adjustments / (Interest Capitalised) during this period	Balance at 30/06/12
		%		R	R	R	R
Annuity Loans				-	-	-	-
Total Annuity Loans				-	-	-	-
<b>TOTAL EXTERNAL LOANS</b>				-	-	-	-

**Note:**

Ubuhlebezwe Municipality did not enter into any external loan agreements for the 2011/2012 financial year.

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ending 30 June 2012

**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**

As at 30 June 2012	Cost / Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Correction	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	
	R	R	R		R	R	R	R	R	R	R	
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	2,511,279	-	-	-	-	2,511,279	999,790	164,494	-	14,946	1,179,230	1,332,049
Vehicles	2,246,525	787,225	-	-	-	3,033,750	892,093	209,553	-	-	1,101,646	1,932,104
Computer Equipment	1,117,171	65,925	-	-	-	1,183,096	558,756	89,457	-	31,166	679,378	503,718
Furniture & Equipment	2,677,063	562,477	-	-	-	3,239,539	1,182,955	212,059	-	56,252	1,451,267	1,788,273
Investment Properties	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Specialised Vehicles	1,030,033	43,295	-	-	-	1,073,328	231,279	69,879	-	-	301,158	772,170
Leased Assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9,582,070</b>	<b>1,458,922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,040,992</b>	<b>3,864,873</b>	<b>745,442</b>	<b>-</b>	<b>-</b>	<b>4,712,679</b>	<b>6,328,313</b>

As at 30 June 2011	Cost / Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Correction	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	
	R	R	R		R	R	R	R	R	R	R	
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	2,311,871	-	-	-	-	2,311,871	1,217,223	-	-	-	1,217,223	1,094,648
Vehicles	2,248,818	-	-	-	-	2,248,818	1,683,736	-	-	-	1,683,736	565,082
Computer Equipment	990,149	-	-	-	-	990,149	696,156	-	-	-	696,156	293,993
Furniture & Equipment	2,378,606	-	-	-	-	2,378,606	1,842,474	-	-	-	1,842,474	536,132
Investment Properties	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Specialised Vehicles	1,030,033	-	-	-	-	1,030,033	448,174	-	-	-	448,174	581,859
Leased Assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,959,477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,959,477</b>	<b>5,887,763</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,887,763</b>	<b>3,071,714</b>

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statement as at 30 June 2012

**APPENDIX C**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**

As at 30 June 2012	Cost / Revaluation						Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Budget & Treasury	1,320,937	78,439	0	0	0	1,399,376	853,556	71,189	0	924,744	474,631
Community Services	938,834	180,737	0	0	0	1,119,571	403,246	89,504	0	492,750	626,821
Corporate Services	508,268	456,968	0	0	0	965,236	196,565	63,025	0	259,589	705,647
Executive & Council	1,147,411	98,828	0	0	0	1,246,238	487,911	95,634	0	583,545	662,693
Housing	72,657	15,228	0	0	0	87,885	15,228	3,869	0	19,097	68,788
Planning & Development	262,206	572,399	0	0	0	834,605	88,550	52,097	0	140,647	693,959
Public Safety	1,390,806	0	0	0	0	1,390,806	465,404	114,342	0	579,746	811,060
Roads	2,181,332	0	0	0	0	2,181,332	791,326	144,367	0	935,693	1,245,639
Solid Waste	0	0	0	0	0	0	0	0	0	0	0
Sports & Recreation	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>7,822,451</b>	<b>1,402,599</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,225,050</b>	<b>3,301,785</b>	<b>634,027</b>	<b>0</b>	<b>3,935,812</b>	<b>5,289,238</b>

Restated opening balances

As at 30 June 2011	Cost / Revaluation						Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Corrections	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Budget & Treasury						0				0	0
Community Services						0				0	0
Corporate Services						0				0	0
Executive & Council						0				0	0
Housing						0				0	0
Planning & Development						0				0	0
Public Safety						0				0	0
Roads						0				0	0
Solid Waste						0				0	0
Sports & Recreation						0				0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# UBUHLEBEZWE MUNICIPALITY

## Annual Financial Statements for the year ended 30 June 2012

### UBUHLEBEZWE MUNICIPALITY

#### APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2010 Actual Revenue R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Revenue R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
-	7 000 894	( 7 000 894)	Corporate Services	( 279 540)	7 348 218	( 7 068 678)
( 47 278 153)	14 786 578	32 491 575	Financial Services	( 53 724 004)	23 531 784	30 192 220
( 438 398)	6 690 581	( 6 252 183)	Municipal Manager		7 727 131	( 7 727 131)
( 3 805 367)	9 915 935	( 6 110 568)	Community Services	( 5 669 439)	10 611 118	( 4 941 679)
( 29 475 108)	11 545 858	17 929 250	Technical Services	( 12 911 493)	5 151 365	7 760 128
<b>( 80 997 026)</b>	<b>49 939 846</b>	<b>31 057 180</b>	<b>Total</b>	<b>( 72 584 477)</b>	<b>54 369 616</b>	<b>18 214 861</b>

The inter-departmental charges have been allocated per segment for the current and prior years.



**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2012

**APPENDIX F**

**APPENDIX F(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Budget 2012 R</b>	<b>Actual 2012 R</b>	<b>Variance 2012 R</b>	<b>Variance 2012 %</b>	<b>Explanation of significant Variance greater than 10% versus Budget</b>
<b>REVENUE</b>					
Property rates	11 374 200	7 060 308	( 4 313 892)	-61%	
Property rates- penalties and collection charges	200 000	597	( 199 403)	-33401%	
Service charges	1 102 746	743 254	( 359 492)	-48%	
Rental of facilities and equipment	478 773	184 650	( 294 123)	-159%	
Interest earned- external investments	2 000 000	2 539 649	539 649	21%	
Fines	37 637	528 720	491 083	93%	
Licences and permits	2 550 050	2 842 502	292 452	10%	
Government grants and subsidies	71 773 058	63 015 496	( 8 757 562)	-14%	
Other income	731 696	901 044	169 348	19%	
<b>Total Revenue</b>	<b>90 248 160</b>	<b>77 816 220</b>	<b>( 12 431 940)</b>		
<b>EXPENDITURE</b>					
Employee Related Costs	21 263 095	19 653 908	( 1 609 187)	-8%	
Remuneration Of Councillors	5 533 567	5 298 069	( 235 498)	-4%	
Repairs And Maintenance	3 086 500	1 867 644	( 1 218 856)	-65%	
Depreciation	2 150 000	15 567 352	13 417 352	86%	
Grants & Subsidies Paid	7 970 056	10 057 152	2 087 096	21%	
General Expenses - Other	15 181 944	12 854 847	( 2 327 097)	-18%	
Contributions to provisions.	2 030 000	( 361 762)	( 2 391 762)	661%	
Finance Charges	-	133 534	133 534	100%	
<b>Total Expenditure</b>	<b>57 215 162</b>	<b>65 070 744</b>			
<b>NET (SURPLUS)/ DEFICIT FOR THE YEAR</b>					

## Annual Financial Statements for the year ended 30 June 2012

**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003**

Name of  Grants	Name of organ  of state or municipal entity	Unspent portion 2010/2011 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2011/2012 financial statements
				July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June		
				1	2	3	4		1	2	3	4		
Equitable Share	National Treasury	-	-	18,928,000	7,061,000	12,405,000	-	38 394 000	9,598,500	9,598,500	9,598,500	9,598,500	38,394,000	-
Anti Corruption Grant	Dlgtla	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Investment Program	Dlgtla	9 700	-	-	-	-	-	-	-	-	-	-	-	9,700
Financial Management Grant	National Treasury	-	-	1 250 000	-	-	-	1 250 000	494 254	362 614	111 382	( 120 281)	847,969	402,031
M F M A Implementation Plan	Dlgtla	-	-	-	-	-	-	-	-	-	-	-	-	-
G I S Grant	Dlgtla	146 712	-	-	-	-	-	-	74 379	39 336	12 830	11 700	138,245	8,467
Hawkers/Taxi Grant	Dlgtla	1,033,341	-	-	-	-	-	-	-	-	-	-	-	1,033,341
H R Systems Governance	Dlgtla	7,170	-	-	-	-	-	-	-	-	-	-	-	7,170
Internal Roads	Dlgtla	-	-	6 720 000	-	-	-	6 720 000	1 305 973	-	821 957	1 825 907	3,953,836	2,766,164
Ixopo Sportfields	Dlgtla	1,302	-	-	-	-	-	-	-	-	-	-	-	1,302
Kuyasa School Grant	Dlgtla	4,302	-	-	-	-	-	-	-	-	-	-	-	4,302
Land Use Manageent	Dlgtla	220,238	-	-	-	-	-	-	-	-	-	-	-	220,238
Library Assistant	Dlgtla	5,854	-	-	-	-	105 800	105 800	26 124	25 712	28 393	25 716	105,946	5,708
Library Building Grant	Dlgtla	220,966	-	233 340	-	-	-	233 340	-	-	150 751	90 115	240,866	213,440
M I G Grant	National Treasury	2,820,814	-	-	12 826 000	4 583 000	-	17 409 000	737 472	1 852 169	7 632 096	8 261 001	18,482,738	1,747,076
Management Assistance	Dlgtla	46,304	-	-	-	-	-	-	-	-	65 774	( 24 102)	41,672	4,632
Marithal Project	Dlgtla	8,197	-	-	-	-	-	-	-	-	-	-	-	8,197
Market Stalls	Dlgtla	350,877	-	-	-	-	-	-	-	-	-	-	-	350,877
Municipal Development Planning Capacity Building	Dlgtla	24,973	-	-	-	-	-	-	-	-	-	-	-	24,973
Municipal Administrative Development	Dlgtla	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000
Mziki L C H	Dlgtla	(573,880)	-	-	-	-	-	-	-	-	-	-	-	-573,880
Nokweja Disaster Fund	Dlgtla	3,323	-	-	-	-	-	-	14 000	( 2 690)	( 2 100)	2 671	11,881	-8,558
Programme Support	Dlgtla	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Consolidate(MSIG)	Dlgtla	414,968	-	-	790 000	-	-	790 000	180 583	53 899	126 340	437 520	798,342	406,626
Project Management Unit	Dlgtla	163,377	-	-	-	-	-	-	-	-	-	-	-	163,377
Sangcwaba Grant	Dlgtla	673,950	-	-	-	-	-	-	-	-	-	-	-	673,950
Sponya Housing Project	Dlgtla	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Disposal Site	Dlgtla	144,621	-	-	-	-	-	-	-	-	-	-	-	144,621
		5 736 109	-	27 131 340	20 677 000	16 988 000	105 800	64 902 140	12 431 285	11 929 540	18 545 923	20 108 747	63 015 496	7 622 753
		( 573 880)												582 438
		5 162 229												8 205 191

Unspent grants at 30 June 2011 - Note 7

Reflected as other debtors - claims submitted awaiting settlement - Note 6

Unspent grants at 30 June 2012 - Note 13